An
Impact of
Unit Trust of India
(Transfer of Undertaking and Repeal) Act, 2002
on Working Performance of UTI Mutual Fund

Synopsis of Ph.D Thesis to be submitted to

THE MDS UNIVERSITY, AJMER, RAJASTHAN

For the Degree of

DOCTOR OF PHILOSOPHY

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1. **Name of Scholar (In English): Satya Narayan Meena**

(In Hindi)

2. **Title of the Research Work:**

(In English): **An Impact of Unit Trust of India (Transfer of Undertaking and Repeal)Act., 2002 on Working Performance of UTI Mutual Fund**

(**In Hindi)**

3. **Location**

a. Institution/Department where the work is to be done :
Deptt. Of Commerce (EAFM), MDSU, Ajmer.

b Geographical area of Investigation, if any : **All India**

4. **Introduction and Importance of Proposed Investigation, Objectives:**

India economy and the Indian Capital Market in particular, have recorded unprecedented growth and dynamism during the decades of eighties and nineties. As the country's first and foremost mutual fund, Unit Trust of India has played a very important supportive role in this process. As a pioneering institution it came out proactively with several innovative schemes to mobilize larger household savings. It responded innovatively to the needs of investment and income goals and objectives of different strata of society. Under one roof there are schemes for everyone in the family, from the new born child to old and retired individuals. There are schemes for those who prefer safe and steadily rising returns. There are also high growth schemes for those who can wait and are prepared to take some risk with UTI. UTI investment instruments have also crossed national frontiers. Clearly, UTI hold promise of becoming an important investment vehicle for small investors on the one hand and source of funds for economic development on the other.

Unit Trust of India was set up in 1964 under Unit Trust of India Act, 1963. The objectives of UTI was ".. to encourage savings and investment and participation in the income, profit and gains accruing... from the acquisition, holding management and disposal of securities." UTI was giving higher returns to its investors. But in 2002 in a turbulent market it could not keep higher returns to its flagship scheme US-64 (Unit Scheme 1964) investors and there was big gap between face value and NAV value of the scheme. Besides UTI suspended the sale and repurchase of US-64 for six months from July, 2002. The crisis become uncontrollable by the UTI and Government of India intervene the situation and brought bail out package for the benefits of investors. On Jan., 2003 Government of India signed an agreement with four sponsors SBI, PNB, BOB and LIC to operational the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002. As per the Repeal Act 22 schemes (all assured schemes) will be transferred and shall vest in an administrator and 47 NAV based schemes will be manage by UTI Mutual Fund and function under SEBI(Securities and Exchange Board of India) guidelines. The impact of repeal act can be seen in the working performance of UTI Mutual Fund. The Asset Under Management is increased in may fold. This is our main proposed investigation.

The importance of Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 is very useful in improving of UTI Mutual Fund's working performance. This act gives UTI a new born in the area of mutual fund. The crisis of US-64 was very crucial and this act brought UTI safely from this crisis. The act prove itself a is safe guard of investors and gives them confidence in UTI schemes. The act gives UTI as a dynamic, responsive, restructured, efficient, transparent and SEBI complaint entity. After reforms newly UTI Mutual Fund's growth and development is increased drastically. The performance of UTI Mutual Fund is reached a new high level in mutual fund industry in India. The sale and repurchase are now linked to NAV basis. The number of schemes is increasing year to year. The asset under management under various scheme is also increasing. UTI Mutual fund is cleaning its earlier non-performing assets and liability reduced to the bottom level. Now UTI Mutual Fund hold promise to its unit holders higher returns with low level of risk. It gives a platform of experts professional services to its investors.

The broad objectives of the research is:

- To study of past trends of UTI .
- To discuss the conceptual aspects of mutual fund, types of schemes.
- To find out schemes performance.
- To analyze financial performance of UTI Mutual Fund
- To discuss the factors affecting working of UTI Mutual Fund
- To evaluate profitability position of UTI Mutual Fund
- To find out the employees performance
- To examine investment policy.
- To evaluate valuation policy of schemes
- To Find the impact of Unit Trust of India Repeal Act on UTI Mutual Fund's working

5. Review of Literature:

Though many published articles are available in the area of UTI Mutual fund performance. Private sector mutual funds have recorded improvements in profitability, efficiency and growth in Asset Under Management. In another study it was revealed that the assured returns schemes were the reason of worry of UTI. The performance of UTI Mutual Fund is related to several internal and external factors confronting the investors. The internal factors are lack of expertise while investing in companies, poor infrastructure and unskilled management while in external factors, turbulent market, recession, non-recovery of industrial investments, cut-throat competition from other mutual funds, low return on investment and share market scams.

Therefore fund should take necessary action as follows:

1. Improvements of infrastructure
2. Training should be given to existing staff
3. Experts from private sectors should be in the board
4. New professional should be recruited

6. Research Gap:

There are several studies on the similar topics have been published in various journals, news papers and magazines. In these studies only financial performance is covered of the UTI AMC. In some of articles only domestic schemes are covered as main theme. In present studies not only cover the financial performance of UTI AMC but equal importance are also given to employees performance and schemes performance in share market. The offshore schemes of UTI AMC are considered in the study. Earlier the studies are based on assured income schemes and now NAV is linked to sale and repurchase of schemes.

7. Major Hypothesis:

The research hypothesis is a predictive statement that related an independent variable to a dependent variable. The central hypothesis of the present research work is "An Impact of Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 on Working Performance of UTI Mutual Fund." After restructured of then UTI, the working performance of newly UTI Mutual Fund have drastically changed. Now it is working in a efficient manner. There is a hardly any standard norms to testing due hypothesis. However we will try to find the answer of the research question through comparing the working performance of formerly UTI to newly UTI Mutual Fund. The research question of this study may be "whether working performance of UTI Mutual is better then UTI."

8. Research Methodology:

- **Problem Identification:**

  In the context of planned economic development in India, financial intermediaries, like Unit Trusts are expected to play an important role in accelerating the saving-investment process. This is so on account of their unique characteristics in providing to the investors the benefits of expert management, diversification, continuous as well as convenient purchase and sale of securities and so on. The Unit Trusts not only benefit the small investors by providing balanced portfolio and technical knowledge of the market, but also the entire

economy by siphoning the savings of the country into desirable productive channels via the capital market. Clearly, Unit Trusts hold promise of becoming an important investment vehicle for small investors on the one hand and source of funds for economic development on the other.

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank of India. An Act of parliament established Unit Trust of India on 1963. Till 1987 UTI worked as a single public sector mutual fund. 1987 marked the entry of non-UTI public sector mutual funds set up by public sector banks and other financial institutions. With the entry of private sector funds in 1993, a new era started in Indian mutual fund industry, giving the Indian investors a wider choice of fund families.

However UTI was still a leader in the mutual fund industry but its share is declining year to year. In 2002 US-64 crisis was arised and Government of India repeal earlier Unit Trust of India Act, 1963 by passing new Unit Trust of India(Transfer of Undertaking and Repeal) Act, 2002. As per this act, UTI was bifurcated into UTI-I and UTI-II. UTI-II is given a new and dynamic entity, UTI Mutual Fund. The new Mutual Fund is evolved to position the fund house as a dynamic, responsive, restructured, efficient, transparent and SEBI compliant entity. study is based on these changes. The present study is related to an impact of these changes on working performance of UTI Mutual Fund. The present study will cover all the schemes of UTI Mutual Funds including offshore funds.

- **Scanning of the existing literature:**

The data used from the reports of reserve bank of India, mutual funds related journals, research papers, industries portals, govt. agencies.

- **Data Collection:**

This study is based on primary as well as secondary data but importance is given to secondary data in the study as research problem is descriptive in nature.

These secondary data are available in various annual reports of UTI AMC. These annual reports are available in the UTI AMC office. Some of these data can be collected from the UTI AMC website. While using secondary data emphasis will be given to reliability of data, suitability of data and adequacy of data.

- **Tabulation:**

  To arrange the same in some kind of concise and logical order of data, tabulation will be framed. The different tables supply information about several interrelated characteristics of data.

- **Graphical representation:**

  Graphs help to understand the data easily, All statistical packages, MS Excel, and open office.org offer a wide range of graphs. In case of qualitative data, most common graphs are bar charts and pie charts. The performance of UTI Mutual Fund will be shown nicely by using all above charts.

- **Interpretation of data:**

  For evaluating the effectiveness of research programme, interpretation of data will be done from the term report to show the particulars period result and final report to find out annual result.

- **Difficulties:**

  A great of secondary data of non-confidential nature, unsuitable or may be inadequate in the context of the problem. Therefor while using these data, care must be keep in mind.

- **Limitation:**

  The entire study is covered only of UTI Mutual Fund due to time and constraints and other mutual funds amcs not covered.

- **Report in Research:**

  After collection and analysis of data, the researcher has accomplished the task of drawing inferences followed by report writing. It is only though interpretation that the research can expose relations and process that underline the findings. Researcher report is considered a major component of the research study. For the research the task remains incomplete till the report has been present or written.

9. **Fund Overview:**

UTI Mutual Fund Launched:

Unit Trust of India, the First mutual fund in the country, continues to grow in strength that the UTI brand embodies, with the launch a new and dynamic entity, UTI Mutual Fund. In the light of an agreement signed by the Government of India with the four sponsoring institutions viz. State Bank of India, Punjab National Bank, Bank of Baroda and Life Insurance Corporation of India. On January 15, 2003, UTI Trustee Company(P) Ltd. And UTI Asset Management Company(P) Ltd were formed. UTI Mutual Fund has come into existence with effect from 1st February 2003. UTI Asset Management Co.(P) will manage NAV based, SEBI compliant schemes including offshore funds.

With a track record of managing a variety of schemes catering to the needs of very class of citizens over a period of 39 years, its 2400 committed employees, a wide network, active agents, upgraded transparency standards and professional fund managers equipped with a strong in-house equity research department, the UTI Mutual Fund will evolve as progressive and dynamic entity. With a view to offer better quality of investor service to its over 10 millions investors, all branches and registrar offices are already linked through leased lines to the Central Processing Centre.

Almost all schemes under management of the UTI Mutual Fund have outperformed their respective benchmark indices over various periods. These schemes have distributed income/bonuses on various occasions since July, 2002. Over and above the faith reposed by the investor community on UTI has been reflected by fresh sales

mobilisation.

The registered office of the UTI Mutual Fund is-UTI Tower, Gn Block, Bandra Kurla Complex, Bandra(East), Mumbai-400051.

9. **Chapter wise of details:**

Chapter 1	**Introduction** 1.1 Introduction to the Topic 1.2 Objectives of the Study
Chapter 2	**Methodological Considerations** 2.1 Problems Identification 2.2 Hypothesis 2.3 Scanning of existing literature 2.4 Collection of data and tabulation 2.5 Interpretation of data 2.6 Difficulties and Limitation 2.7 Research Report
Chapter 3	**Review of Literature**
Chapter 4	**UTI Mutual Fund- Introduction** 4.1 History of Mutual Fund 4.2 Need of Mutual Fund in India 4.3 Setting up,Objectives and Management of UTI 4.4 Growth of Mutual Fund in India
Chapter 5	**Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002** 5.1 Need for Repeal of UTI Act, 1963 5.2 Salient Features of New Act, 2002 5.3 New organizational set up UTI
Chapter 6	**Financial Performance of UTI Mutual Fund** 6.1 Asset Under Management(Investible Funds) 6.2 Schemes Performance including offshore funds 6.3 Profitability and dividend policy of Fund 6.4 Scheme Valuation policy of Fund 6.5 Evaluation of Industrial Investment by the Fund

Chapter 7	**Staff Performance of UTI Mutual Fund** 7.1 Recruitment of Professional 7.2 Performance based Remuneration 7.3 Measurement of Efficiency of Staff 7.4 Hindrance to the staff performance 7.4 Methods of Improvements of Staff Performance
APPENDIX-A	**References**
APPENDIX-B	**Bibliography**

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